Wilson Deal Off, Jewelcor Is Expected to Get Edison Execs' Offer

WILKES-BARRE, Pa.—Edison's two key executives, Ivan and Jack Miller, are expected to make an offer for the cataloger's seven showrooms to Jewelcor, the parent company.

This follows the breakdown of negotiations for H. J. Wilson's purchase of 16 Jewelcor units in the Sunbelt, including the Edison operation.

The termination of the talks between Jewelcor and Wilson last month came as Jewelcor received the first green light from the Department of Energy for its plan to build a $100 million plant to produce fuel-grade ethanol alcohol.

Ivan and Jack Miller previously told DSN they were interested in buying the chain started by their father in 1959. They declined to comment on their plans following the end of talks between Wilson and Jewelcor.

Wilson and Jewelcor executives said they had reached agreement on the financial aspects of the proposed $51 million deal, which involved $11 million for the showrooms and a warehouse and $40 million for inventory.

The talks broke down over ancillary legal aspects that involved guaranties, warranties and representations of such key aspects as leases and inventory valuation.

Executives of both firms emphasized that the termination of talks was made in an agreeable fashion. The Wilson executive explained that both companies had decided that if agreements couldn't be reached by the Nov. 17 closing date, the negotiations would have to be ended "as we both have to take care of Christmas business in our showrooms."

The $40 million inventory figure was an approximation supplied by Jewelcor, with the actual valuation to be determined by a physical count, had the deal been completed, the Wilson executive said.

The proposed deal called for Wilson to sublease 13 of the 16 showrooms from Jewelcor, lease two others owned by Jewelcor, and purchase the 50,000-sq.-ft. Wichita Falls, Tex., unit opened by Edison in August.

The proposed subleases involved showrooms that Jewelcor had obtained as a result of the bankruptcy of W. T. Grant, which had owned the unit and operated them as GrandJewel showrooms.

GrandJewel had been a joint venture of Grant and Jewelcor, but the cataloger divested itself of its 49% interest when the variety store chain went bankrupt.

Jewelcor obtained the four Edison units in operation in 1975 from the Federal Bankruptcy Court handling the Grant bankruptcy and the next year bought the ex-GrandJewel units in Florida (four) and Arizona and California (two each). Jewelcor subsequently opened three Edisons, one each in the last two years.

An Edison executive noted that Edison's identification with Grant and GrandJewel has created problems for the company even though it wasn't involved in the Grant bankruptcy. It took a number of years of operation under the Jewelcor wing before Edison started to expand, he said.

As for Jewelcor's synthetic fuel plan, the Department of Energy has decided that the cataloger was an eligible candidate to "negotiate for a loan guarantee" to build the proposed plant.

Jewelcor has set up Synfuel Energy Corp. as a wholly owned subsidiary to develop the project, with Jewelcor's president Seymour Holtzman as board chairman of the subsidiary; executive vice president Frank Cusela as president, and Leonard Walker as executive vp.

The subsidiary expects to receive an option by the end of the year for a 60-acre site on which to build the plant, from the Nanticoke, Pa., Industrial Development Authority.

Solomon Bros. has agreed to handle the notes that will be used to help finance the project. About $90 million in notes will be involved and will be guaranteed by the Federal Government should the DOE approve the project.

The DOE project to spur development of alternative fuels calls for the Government to guarantee 90% of the notes used for a project. These notes

(Continued on page 74)

Future of 3 Other Communitys Studied

Community Agrees to Sell 7 Stores to Zayre

CHICAGO—Community Family Centers at presstime reached an agreement in principle to sell seven stores to Zayre for an undisclosed amount, boosting Zayre's total in the market to about three dozen.

The future of the three other Community stores was being studied, with one option being the sale of the units to another discounter.

While a tentative agreement was reached with Zayre, the situation could change as a result of other negotiations under way, Community president Donald Lazar said.

He explained that Community decided to sell at least the seven stores because "the terms were favorable to both parties."

Zayre would obtain the leases of seven shut stores, if the agreement's closing takes place as planned. Community would hold liquidation sales before shutting and turning over the stores.

Community is unionized, while Zayre's 30 stores in the Chicago area aren't. Closing down the Community units would terminate the labor agreement and enable Zayre to operate the stores with a clean slate.

Community is a privately-held company. The decision to sell at least seven stores and possibly all the units denotes the heavy competitive pressure that Community has faced, particularly from Zayre and K mart, which has about three dozen stores in the market. Woolco and Venture also have several units in the area, the latter having acquired 13 Turn-Style stores last year.

Young Maxway Stands to Gain by Dutch Giant's Acquisition of Macks

Jetty Slager (left) and Arie Maas, vice chairman and chairman, respectively, of Macks Stores, discuss plans for the chain. Slager will remain in the United States. *(DSN photo)*

SANFORD, N.C.—Maxway, the brand new (three stores open by the end of the year) discount department store division of Macks Stores, stands to benefit substantially from the recent acquisition of Macks by HEMA, a Dutch variety store chain that is a subsidiary of N.V. Koninklijke Bijenkorf Beheer (KBB), a retail conglomerate.

"The Maxway philosophy fits right in with our philosophy of getting the maximum production per square foot from every store," explained Arie Maas, chairman of the board of HEMA and (now) of Macks.

"We're looking at the stores that are already in operation, and we will evaluate them as we go along."

Maas and other HEMA and KBB executives were in Sanford to announce completion of the Macks deal. Jetty Slager, now vice chairman of the board of Macks and a 20-year merchandising veteran with HEMA, is the only representative of the new parent firm who will remain permanently in the United States. Her role is "largely advisory," she explained. "I've got knowhow in buying and merchandising, and I may be able to spot a need here that an existing HEMA procedure could easily take care of."

HEMA, according to Maas, "realizes that Americans must run their own show. We don't know the people, or the culture."

But the American management team—J. Craig Didson, president, Richard Moore, executive vice president and Frank Warner, vice president—"will run Macks like we do in Holland, with a kind of three-way chief executive officer."

Dodson, Moore and Warner expressed confidence in their ability to make the troika work, with the responsibilities generally divided into operations (Dodson), merchandising (Warner) and "everything else"—Moore.

HEMA Operates 170 Variety Stores In Holland; Will Do $800M in '80

HEMA operates more than 170 variety stores in Holland (population 14 million), stuffing 15,000 sku's into 10,000-20,000-sq.-ft. stores and getting sales of more than $500 a square foot.

Each store includes men's wear, women's and children's clothing, lingerie and accessories. Domestics, housewares and H&BA are other major departments. The "weekend amusement" department includes lawn and garden, sporting goods and outdoor games and toys.

More than 60% of the nonfood merchandise (HEMA sells wines and cheese, as well as the products of its own bakeries) is imported, and the chain has a strong price image; "HEMA" means "value for money."

HEMA enjoys a strong consumer franchise in Holland, with 35% of all Dutch women buying HEMA PL bras, and the PL cosmetics program ("Miss Helen") gets 15% of that market. The PL paint at HEMA gets 20% of the Dutch paint market.

HEMA stores are in urban and suburban locations, and are open 52 hours a week. HEMA's total volume this year will be approximately $800 million.

DSN to Be in Housewares Show TVer

CHICAGO—*Discount Store News* will participate in "Housewares Today," a television information service that will be available for the first time next month at the Housewares Show here.

"Housewares Today" is produced by Video Communication Group (VCG), and will be televised over cable to most major hotels in Chicago from Monday, Jan. 12, to Wednesday the 14th, during the show. Coverage starts at 6 a.m. each day, and ends at 9 a.m. on Monday and Tuesday, and 8 a.m. on Wednesday.

Planned for the Housewares Show are interviews with industry leaders, including NHMA managing director Ron Fippinger, and DSN publication director Stu Horton. Top retailers will also be interviewed on the air. Hosts Art Linkletter and Toni Thomas will conduct some of the interviews.

As a promotion to focus attention on the "Housewares Today" programming, five Caribbean "Windjammer" cruises will be given away along with more than 50 other prizes to show attendees who are "spotted" wearing a button available free from VCG.

In This Issue...

SPECIAL STUDY. T.G. & Y. is well on its way to becoming the third-generation discounter envisioned in its Five-Year Plan. DSN's annual special-issue study examines the chain's total operation at this transitional time in its history. Pp. 15-63.

PRICE WINNERS. DSN's latest Marketbasket study—on the Miami-Fort Lauderdale area—found discounters' prices were unaffected by the entrance last year of Best Products and Service Merchandise, two leading catalog showrooms, into the market. P. 5.

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Discounters vs. Discounters

Marketbasket Items	Jefferson	K mart	The Treasury	Woolco	Zayre
HOUSEWARES					
Rubbermaid, Dish Drainer #6050	$ 4.99	$ 4.41	$ 3.88	$ 4.49	$ 4.49
Corning, P-104 6-cup Teapot, Cornflower	—	—	14.88	14.97	—
North American, Coffee Filters, 100	0.99	—	0.99	—	—
Norelco, 10-cup Coffee Maker, #5140	29.99	—	—	22.67	24.49
Hamilton Beach, 7-Speed Blender, #6600	—	—	—	22.97	—
General Electric, Iron, #F-92	19.99	17.97	15.99	—	—
Corelle, 20-piece set	—	25.97	25.99	24.43	29.97
Johnson, Lemon Pledge 14-oz. Aerosol	—	2.27	1.88	2.01	2.09
Proctor-Silex, 2-Slice Toaster #620	14.99	—	—	14.59	14.49
Rival, Can Opener #781	11.99	—	9.99	—	12.49
TOYS					
Selchow & Righter, Scrabble #17	7.99	7.96	5.88	5.34	7.99
Parker Bros. Monopoly #9	6.99	6.96	4.88	6.33	6.99
Milton Bradley, Simon (Original)	24.99	29.96	24.88	29.97	29.99
AUTOMOTIVE					
STP, Oil Treatment, 15-oz. Can	1.59	1.50	1.44	1.09	1.69
Simoniz, Shines Like The Sun Wax, 16-oz. Liquid	5.59	4.68	5.99	3.86	4.99
Champion, Sparkplugs, #J12Y, Eight	8.59	7.76	9.04	8.56	7.99
Lee, Maxifilter	PL	—	3.77	4.39	3.69
Purolator, Oil Filter	PL	—	3.66	—	3.99
H&BA					
Gillette, Right Guard 10-oz. Aerosol Spray	2.79	2.07	2.41	—	2.69
Menley & James, Contact 20-Capsule Pack	2.79	2.81	2.09	2.74	2.69
Noxzema, 10-oz.	—	1.87	1.79	—	1.89
Johnson & Johnson, Baby Shampoo, 11-oz.	2.49	PL	1.88	2.84	2.59
Cover Girl, Liquid Makeup, 1-oz.	2.17	2.11	1.99	2.21	2.24
SPORTING GOODS					
Coleman, 2-Mantle Lantern, #220K	22.99	25.97	24.99	23.57	24.99
Coleman, Propane 2-Mantle Lantern, #5114B	20.99	27.97	22.99	21.15	—
Coleman, Fuel, 1-gal.	2.79	3.88	2.99	3.42	3.49
Wilson, Tennis Balls, 3-Pack Can, Optic Yellow	2.48	—	2.44	2.96	2.69
Propane Fuel Cylinder	2.79 (Coleman) (16.4-oz.)	2.67 (PL) (16-oz.)	2.44 (Coleman) (16.4-oz.)	2.07 (Primus) (14.1-oz.)	—
HARDWARE					
Black & Decker, ⅜-in. VSR Drill, #7127	PL	21.97	26.99	19.99	—
3M, Sandpaper Pack, Flint	PL	1.07	—	1.18	1.19
Elmer's Glue, 8-oz. Squeeze Bottle	1.39	—	1.33	1.57	1.37
Stanley, Powerlok Tape Measure, 12-ft. x ½-in.	PL	7.17	—	6.79	7.79
Stanley, Hammer #ST1½, 16-oz.	PL	6.37	6.44	8.39	—
Dap, Spackling Compound, 1-qt., White	PL	3.97	—	3.23	3.49

PL—Private label

Discount Stores' Prices Are Unaffected By Top Catalogers' Invasion of Florida

By Arthur Markowitz

MIAMI—Discounters' prices have generally been unaffected by heavy competition triggered by the invasion of the Miami-Fort Lauderdale market last year by Best Products and Service Merchandise, two of the nation's leading catalog showroom chains.

Other findings of a DSN survey:

(1) The Treasury and Woolco tended to have the lowest prices among the five discounters that blanket the market with more than five dozen stores.

(2) Among catalogers, Best most often had the lowest prices, as it did when the same hard goods items were first checked eight months ago (DSN, April 21, p. 3).

The survey involved two different price comparisons. One was a repeat check of discounter and catalog prices for the same 18 items that were first surveyed in April. The second compared prices only among discounters for about three dozen hard lines products that had previously been used in price checks of discounters in Nassau County, N.Y., (DSN, Oct. 20, p. 3) and in Houston and Cleveland (DSN, Nov. 3, p. 1).

An analysis of the two price comparison charts indicates that only The Treasury attempted to consistently compete with catalogers, due to its unique position of having Service Merchandise as the next door neighbor for its four discount stores in Miami.

In the latest discounter vs. cataloger price comparison, showrooms had the lowest prices in 12 instances, discounters in four and there were two ties. The April check showed catalogers with the lowest price in 14 cases, with discounters lowest in four.

In the discounter vs. discounter check, The Treasury had the lowest prices 15 times, followed by Woolco, nine; K mart, four; Jefferson, three, and Zayre, two, with one tie.

Of the 34 items price-shopped at the discounters, only 11 were carried and in-stock at the stores checked for the five chains. These 11 items had a total retail of $88.05 at The Treasury, the lowest among the discounters, followed by Jefferson at $91.47; Woolco, $91.58; K mart, $96, and Zayre $97.54.

DSN used three dozen basic hard line items in its discounter marketbasket check. In the Miami-Fort Lauderdale market, The Treasury and Woolco each didn't have six of those products. Zayre didn't have eight; Jefferson and K mart, 11. (The interesting fact about the latter two discounters' merchandising is that K mart had one private label alternative, while Jefferson had seven PL products in place of the national brands checked by DSN.)

In the discounter vs. cataloger comparison, Woolco had the lowest price among discounters eight times, while The Treasury and K mart were each lowest in four cases. But, if The Treasury wasn't the lowest, it tended to be second or third lowest more often than Woolco and K mart.

A The Treasury source explained that the discounter competed with Service Merchandise on the basic and highly recognized items and brands (the products featured in the DSN price survey) but offered different models when possible.

Drip coffeemakers are a case in point. The Treasury carried 12 sku's while Service Merchandise had 13 units in its catalog. But, there are only two drip coffeemakers carried by both retailers. One is the Norelco Express, with The Treasury's tag at $18.99 and Service Merchandise listing it at $19.97, while the other is General Electric's DCM 15 model, with the discounter at $39.99 and the cataloger at $33.97.

Discounters didn't lower their prices in Miami to meet the growing cataloger competition for a number of reasons, sources told DSN, banking on these techniques and factors:

- Use of sharp prices in promotions to establish and maintain a low price image.
- Reliance on soft goods along with hard lines to offer one-stop shopping, rather than just the more limited hard goods featured by catalogers.
- Greater number of stores and mass display of goods, so that shoppers have to travel less and can easily find goods in each product area. Consumers shopping catalogers on the other hand, have to travel longer distances and after selecting an item from the book face the possibility of it being out-of-stock when they visit one of the few showrooms operated by a specific cataloger.
- The effects of inflation which forces all retailers to raise prices, but which has a more negative impact on catalogers that show one price in their book and have a higher tag in the showrooms.
- The sharp price increases put through by catalogers—particularly Best and Service Merchandise—in the 1980-81 books as they tried to recoup from the low prices in effect last year during the price fight among showrooms as Best and Service Merchandise entered the Miami-Fort Lauderdale market.

Treasury 'Wins'

Marketbasket Summary (total price for 11 items)

The Treasury	$88.05
Jefferson	$91.47
Woolco	$91.58
K mart	$96.00
Zayre	$97.54

DSN's marketbasket of 34 basic hard line items was price-shopped in the five discounters that blanket the Miami-Fort Lauderdale market. *(DSN chart)*

Fla. Discounters and Catalogers Raise Many Hard Goods Prices

Shelf Items	Best Products	Leeds	L. Luria & Son	Service Merchandise	Sam Solomon	Jefferson	K mart	The Treasury	Woolco	Zayre
Igloo Little Playmate	$ 6.97	$ 9.96	—	$ 8.92	$ 8.97	—	$ 6.97	$ 8.99	$ 8.47	—
Igloo Playmate	11.84	14.96	—	13.92	13.47	$12.99	12.88	12.99	11.77	—
Coleman 2-Burner Stove Model #425	27.74	29.97	—	27.97	28.86	—	24.88	25.99	25.97	$26.99
Coleman Double Mantle Lantern #220	24.97	24.97	—	24.97	24.97	22.99	25.97	24.99	23.57	24.99
Kodak Colorburst #A50	34.46[a]	29.97	$26.87	26.97	—	—	37.67	31.99	26.88	—
Polaroid 1-Step #2173	26.47	27.67	27.97	26.97	—	34.99	—	29.99	28.44	34.88
Connect Four	5.94	5.97	—	6.47	5.99	6.99	7.37	6.99	5.92	7.99
Stratego	6.92	6.97	—	6.92	6.97	7.99	8.57	8.99	—	9.99
Merlin	28.76	26.97	—	27.77	29.92	26.88	34.96	26.88	33.96	29.99
Black & Decker Saw #7300	19.84	24.73	—	21.84	23.44	—	24.97	24.99	24.97	—
Black & Decker Drill #7127	16.84	19.77	—	16.94	19.97	—	21.97	26.99	19.99	—
Black & Decker Jigsaw #7580	22.84	24.93	—	21.97	24.97	—	29.88	26.99	—	29.99
General Electric Food Processor FP-1	44.97	48.77	45.77	44.97	44.94	49.99	57.97[b]	49.99	44.88	—
General Electric Iron #F201	16.86	17.87	16.80	16.93	19.97	19.99	21.87	—	—	—
North American Mr Coffee MCS 201	34.97	33.97	—	32.84	31.99	36.99	34.87	—	—	—
General Electric Toaster-Oven #T-93	29.97	29.97	29.99	28.97	28.99	32.99	38.97[c]	30.99	44.97	36.99
Corning Ware Menu-ette set, Spice	17.47	18.63	17.74	18.97	19.97	—	21.96	19.88	25.17	—
Corning Ware Corelle	24.43	24.97	24.97	24.93	27.97	—	25.97	25.99	24.43	29.97

(a) Price is for kit; camera alone is priced at $26.47 as an NIC in some Best showrooms. (b) Basic price for item; K marts that meet cataloger competition price the item at $49.77. (c) Basic price for item; K marts that meet cataloger competition price the item at $30.47.

Discounters and catalogers have raised prices on many of the 18 hard goods items price-shopped by DSN in the Miami-Fort Lauderdale market both in April (see DSN, April 21, p. 3) and in October. The chart includes Leeds as the replacement for Jewelcor, which has closed its showrooms in the market, and added Woolco and Zayre, which weren't checked in April. *(DSN chart)*